

# **SMALL BUSINESS LOAN FUND CORPORATION**

## **MINUTES OF THE BOARD OF DIRECTORS**

**September 26, 2013**

### **PUBLIC SESSION**

A monthly meeting of the Board of Directors (the "Board") of the Small Business Loan Fund Corporation (the "Corporation") was held in public session at the offices of the Rhode Island Economic Development Corporation, 315 Iron Horse Way, Suite 101, Providence, Rhode Island on Thursday, September 26, 2013, scheduled for 9:30 a.m., pursuant to notice of the meeting to all Directors, and public notice of the meeting as required by the By-Laws of the Corporation and by Rhode Island General Law 42-46-6.

The following Directors were present and participated throughout the meeting: Mr. Raymond Fogarty, Mr. John Pagliarini, and Ms. Yahaira Placencia.

The following Directors were absent: Mr. Richard DeMerchant and Mr. Jose Monteiro.

Also present were: Stacy Farrell, Corporation Secretary, Sean Esten, Corporation Administrator, Mr. Daniel Price, Corporation Administrator, Ms. Denise Barge, Corporation Staff, Mr. Christopher Cannata Corporation Staff, Mr. Marcel Valois, Executive Director of the Rhode Island Economic Development Corporation, and Tom Moses, Esq., Moses Afonso Ryan Ltd.

Mr. Fogarty presided over the meeting.

**1. Call to Order.**

Mr. Fogarty called the meeting to order at 9:47 a.m.

**2. Approval of the Minutes of the Meeting held on August 22, 2013**

The first item to come before the Board was approval of the Minutes of the Board meeting held on August 22, 2013. Upon motion duly made by Ms. Placencia and seconded by Mr. Pagliarini, the motion to approve the Public and Executive Session Minutes of the above noted meeting as presented was duly adopted.

The following Directors voted in favor of the foregoing: Mr. Pagliarini and Ms. Placencia

The following Directors voted against the foregoing: None

The following Directors were absent for the vote: Mr. DeMerchant and Mr. Monteiro.

**3. Maintain the Executive Minutes of the August 22, 2013 meeting as Confidential**

The next item to come before the Board was a vote to maintain the confidentiality of the Executive Session Minutes of the Board meeting held on August 22, 2013. Upon motion duly made by Ms. Placencia and seconded by Mr. Pagliarini, the motion to maintain the confidentiality of the Executive Session Minutes of the above noted meeting as presented was duly adopted.

The following Directors voted in favor of the foregoing: Mr. Pagliarini and Ms. Placencia

The following Directors voted against the foregoing: None

The following Directors were absent for the vote: Mr. DeMerchant and Mr. Monteiro.

**4. Report of Cash Position as of August 31, 2013**

Staff asked if there were any questions or comments regarding the Cash Report for the period ended August 31, 2013 (Exhibit A). There was some discussion as to committed transactions and a request as to when some may close. Mr. Esten indicated that Bradley Press and Meridian Ocean Services had closed since the date of the report. There was no further discussion regarding this report.

**5. Delinquency Loan Report as of September 20, 2013**

Mr. Esten asked if there were any questions regarding the Loan Delinquency report dated September 20, 2013 (Exhibit B). Staff noted that Providence Specialty Products had made a payment since the date of the report. Mr. Esten noted that further discussion would take place in Executive Session regarding any legal action to be taken against delinquent Borrowers.

**6. Recommended Charge-Offs**

Mr. Esten noted that the charge off Memo before the Board (Exhibit C) had an additional substantiation Memo which would be addressed in Executive Session. He asked that the Board approve the charge offs as recommended. Upon motion duly made by Mr. Pagliarini and seconded by Ms. Placencia, the motion to approve the recommended charge offs as presented was duly adopted.

The following Directors voted in favor of the foregoing: Mr. Pagliarini and Ms. Placencia

The following Directors voted against the foregoing: None

The following Directors were absent for the vote: Mr. DeMerchant and Mr. Monteiro.

**7. To Discuss Marketing of the Small Business Loan Fund**

Mr. Marcel Valois, Executive Director of the Rhode Island Economic Development Corporation, addressed the Board. He acknowledged the Board's concerns over the excess cash currently available to lend and their feeling that marketing was not being addressed. Mr. Valois noted that a three-tiered approach to marketing was currently being embarked upon by the agency. He felt that outreach to local banks was critical to the receipt of quality leads and applicants. He stated that the fund was not to be used as a lender of last resort, but rather bridge financing to get companies bankable. He indicated the second push would be coming from the internal client services team. They would continue to meet with local businesses and refer clients to financial services as appropriate. The third aspect of marketing would come from an ongoing rebranding effort that was taking place across the state. Mr. Valois felt that widespread marketing hurt rather than help. He noted that the fund was a very small pool of money for the entire state to utilize and he did not want to have a rush of unqualified applicants that would end up being turned down. He asked that the marketing of the program remain as an ongoing topic for future agendas.

**8. Other Business**

There were no other items to come before the Board in Public Session.

**Executive Session**

Mr. Fogarty suggested that the Board move into Executive Session. Upon motion duly made by Ms. Placencia and seconded by Mr. Pagliarini, the motion to move the meeting into executive session pursuant to Rhode Island Open Meetings Law 42-46-5(a)(6) of the General Laws of the State of Rhode Island, as amended, was duly adopted.

The following Directors voted in favor of the foregoing: Mr. Pagliarini and Ms. Placencia

The following Directors voted against the foregoing: None

The following Directors were absent for the vote: Mr. DeMerchant and Mr. Monteiro.

Public Session concluded and Executive Session began at 10:03 a.m.

## **9. Executive Session Vote Ratification**

Mr. Fogarty called for ratification of the votes adopted during Executive Session. Upon motion duly made by Ms. Placencia and seconded by Mr. Pagliarini, the following votes were ratified:

- (a) To approve the request from Greenwich Safety for a \$80,000 loan, subject to the conditions as outlined in Executive Session.

The following Directors voted in favor of the foregoing: Mr. Pagliarini and Ms. Placencia

The following Directors voted against the foregoing: None

The following Directors were absent for the vote: Mr. DeMerchant and Mr. Monteiro.

- (b) To approve the request from Evolution Eyes for a \$125,000 and increased the available amount to \$175,000 should the borrower decide to increase the request.

The following Directors voted in favor of the foregoing: Mr. Pagliarini and Ms. Placencia

The following Directors voted against the foregoing: None

The following Directors were absent for the vote: Mr. DeMerchant and Mr. Monteiro.

- (c) To approve the request from Epoch Sleep Centers, LLC for an increase of \$114,000 to their current for a total new loan of \$250,000 subject to the conditions as outlined in Executive Session.

The following Directors voted in favor of the foregoing: Mr. Pagliarini and Ms. Placencia

The following Directors voted against the foregoing: None

The following Directors were absent for the vote: Mr. DeMerchant and Mr. Monteiro.

- (d) To confirm the loan denials of the following companies:
  - Hot Rides, Inc. - \$150,000

The following Directors voted in favor of the foregoing: Mr. Pagliarini and Ms. Placencia

The following Directors voted against the foregoing: None

The following Directors were absent for the vote: Mr. DeMerchant and Mr. Monteiro.

**10. Adjournment**

There being no further business to come before the Board, Mr. Fogarty called for a vote to adjourn the meeting. Upon motion duly made by Mr. Pagliarini and seconded by Ms. Placencia, the motion to adjourn the meeting was duly adopted.

The following Directors voted in favor of the foregoing: Mr. Pagliarini and Ms. Placencia

The following Directors voted against the foregoing: None

The following Directors were absent for the vote: Mr. DeMerchant and Mr. Monteiro.

The meeting was adjourned at 10:37 a.m.

Respectfully submitted,

/s/ Stacy Farrell  
Stacy Farrell, Secretary